## House File 2355

H - 8234

- 1 Amend the amendment, H-8225, to House File 2355, as follows:
- 2 1. By striking page 1, line 1, through page 5, line 29, and
- 3 inserting:
- 4 <Amend House File 2355 as follows:</p>
- 5 l. By striking everything after the enacting clause and
- 6 inserting:
- 7 < DIVISION I
- 8 CHILD AND DEPENDENT CARE TAX CREDIT
- 9 Section 1. Section 422.12C, subsection 1, Code 2022, is
- 10 amended by striking the subsection and inserting in lieu
- 11 thereof the following:
- 12 1. The taxes imposed under this subchapter, less the amounts
- 13 of nonrefundable credits allowed under this subchapter, shall
- 14 be reduced by a child and dependent care credit equal to the
- 15 following percentages of the federal child and dependent care
- 16 credit provided in section 21 of the Internal Revenue Code,
- 17 without regard to whether or not the federal credit was limited
- 18 by the taxpayer's federal tax liability:
- 19 a. For a taxpayer with net income of forty-five thousand
- 20 dollars or less, one hundred percent.
- 21 b. For a taxpayer with net income exceeding forty-five
- 22 thousand dollars but not exceeding fifty thousand dollars,
- 23 eighty-eight percent.
- c. For a taxpayer with net income exceeding fifty thousand
- 25 dollars but not exceeding sixty thousand dollars, seventy-five
- 26 percent.
- 27 d. For a taxpayer with net income exceeding sixty thousand
- 28 dollars but not exceeding seventy thousand dollars, sixty-three
- 29 percent.
- 30 e. For a taxpayer with net income exceeding seventy thousand
- 31 dollars but not exceeding eighty thousand dollars, fifty
- 32 percent.
- 33 f. For a taxpayer with net income exceeding eighty thousand
- 34 dollars but not exceeding ninety thousand dollars, thirty-eight
- 35 percent.

- 1 g. For a taxpayer with net income exceeding ninety thousand
- 2 dollars but not exceeding one hundred thousand dollars,
- 3 twenty-five percent.
- 4 h. For a taxpayer with net income exceeding one hundred
- 5 thousand dollars but not exceeding one hundred twenty-five
- 6 thousand dollars, thirteen percent.
- 7 i. For a taxpayer with net income exceeding one hundred
- 8 twenty-five thousand dollars but not exceeding one hundred
- 9 fifty thousand dollars, ten percent.
- 10 j. For a taxpayer with net income exceeding one hundred
- 11 fifty thousand dollars but not exceeding one hundred
- 12 seventy-five thousand dollars, five percent.
- k. For a taxpayer with net income exceeding one hundred
- 14 seventy-five thousand dollars but not exceeding two hundred
- 15 thousand dollars, three percent.
- 16 1. For a taxpayer with net income exceeding two hundred
- 17 thousand dollars but not exceeding two hundred fifty thousand
- 18 dollars, two percent.
- 19 m. For a taxpayer with net income exceeding two hundred
- 20 fifty thousand dollars, zero percent.
- 21 DIVISION II
- 22 CHILD CARE CENTER AND CHILD CARE HOME GRANTS
- 23 Sec. 2. NEW SECTION. 237D.1 Definitions.
- 24 As used in this chapter, unless the context otherwise
- 25 requires:
- 26 1. "Child" means the same as defined in section 237A.1.
- 27 2. "Child care" means the same as defined in section 237A.1.
- 28 3. "Child development home" means the same as defined in
- 29 section 237A.1.
- 30 4. "Department" means the department of human services.
- 31 5. "Facility" means the same as defined in section 237A.1.
- 32 6. "Fund" means the child care center and child development
- 33 home grant fund.
- 34 7. "Home" means a child development home.
- 35 8. "Licensed child care center" or "center" means a facility

- 1 providing child care or preschool services for seven or more
- 2 children that has been issued a license by the department
- 3 pursuant to section 237A.2.
- 4 9. "Program" means the child care center and child
- 5 development home grant program.
- 6 Sec. 3. NEW SECTION. 237D.2 Child care center and child
- 7 development home grant fund.
- 8 l. A child care center and child development home grant fund
- 9 is created and established as a separate and distinct fund in
- 10 the state treasury under the control of the department.
- 11 2. a. The fund may consist of any moneys appropriated by
- 12 the general assembly for purposes of this chapter and any other
- 13 moneys that are lawfully available to the department. Moneys
- 14 in the fund are appropriated to the department and shall be
- 15 used for the purposes of this chapter.
- 16 b. Notwithstanding section 8.33, moneys in the fund
- 17 that remain unencumbered or unobligated at the close of the
- 18 fiscal year shall not revert but shall remain available for
- 19 expenditure for the purposes of this section in succeeding
- 20 fiscal years. Notwithstanding section 12C.7, subsection 2,
- 21 interest earned on moneys in the fund shall be credited to the
- 22 fund.
- 23 Sec. 4. NEW SECTION. 237D.3 Child care center and child
- 24 development home grant program.
- 25 1. The department shall adopt rules to establish and
- 26 administer a child care center and child development home
- 27 grant program to provide for the allocation of money in the
- 28 fund in the form of grants, not to exceed fifty thousand
- 29 dollars per grant, to eligible persons for costs related to
- 30 the establishment of a new licensed child care center or
- 31 a new child development home, or for the expansion of an
- 32 existing licensed child care center or the expansion of an
- 33 existing child development home. For any one fiscal year, the
- 34 department shall not approve more than four million dollars
- 35 in grants. The rules adopted by the department shall specify

- 1 the eligibility requirements for applicants of the program and
- 2 the items eligible for a program grant. Items eligible for a
- 3 program grant must include the costs related to licensing or
- 4 registration, supplies, employee salaries, and infrastructure.
- 5 2. A new center or a new home must be licensed or registered
- 6 and fully operational within two years of the date of an
- 7 applicant's receipt of a grant.
- 8 3. Of the children for whom a new or expanded center or a
- 9 new or expanded home provide child care, a minimum of twenty
- 10 percent of the children must be from a family that qualifies
- 11 for state child care assistance pursuant to section 237A.13.
- 12 4. A person that is awarded a grant shall enter into an
- 13 agreement with the department that specifies the requirements
- 14 that must be maintained throughout the period of the agreement
- 15 in order for the person to retain the grant. The agreement
- 16 must contain, at a minimum, provisions addressing all of the
- 17 following:
- 18 a. The legal name of the person receiving the grant.
- 19 b. The amount of the grant.
- 20 c. Annual certification by the person to the department of
- 21 compliance with the requirements of the agreement, the program,
- 22 and this chapter.
- 23 d. The repayment of the grant, or a portion of the grant,
- 24 if the person does not meet all of the requirements of the
- 25 agreement, the program, and this chapter.
- 26 e. If a new center or a new home for which the grant was
- 27 received goes out of business within two years of the date the
- 28 new center or new home becomes fully operational pursuant to
- 29 subsection 2, the grant shall be subject to repayment. If an
- 30 expanded center or an expanded home for which the grant was
- 31 received goes out of business within two years of the date on
- 32 which the grant was received, the grant shall be subject to
- 33 repayment.
- 34 DIVISION III
- 35 SMALL BUSINESS CHILD CARE TAX CREDIT

- 1 Sec. 5. <u>NEW SECTION</u>. **237A.31 Small** business child care tax 2 credit.
- 3 1. As used in this section "small business" means any
- 4 enterprise which is located in this state, which is operated
- 5 for profit and under a single management, and which has either
- 6 fewer than twenty employees or an annual gross income of less
- 7 than four million dollars computed as the average of the three
- 8 preceding fiscal years. This definition does not apply to any
- 9 program or activity for which a definition for small business
- 10 is provided for the program or activity by federal law or
- ll regulation or other state law.
- 12 2. A small business may receive a child care tax credit
- 13 for providing child care employee benefits to employees of the
- 14 business. The credit may be applied against income tax imposed
- 15 under chapter 422, subchapter II or III, the franchise tax
- 16 imposed under chapter 422, subchapter V, the gross premiums
- 17 tax imposed under chapter 432, or the moneys and credits tax
- 18 imposed in section 533.329. The amount of the credit equals
- 19 the costs to provide the benefit up to three thousand dollars
- 20 per employee per year.
- 21 3. The aggregate amount of tax credits authorized pursuant
- 22 to this section shall not exceed a total of two million
- 23 dollars per fiscal year, and shall be awarded on a first-come,
- 24 first-served basis.
- 25 4. To be eligible for a small business child care tax
- 26 credit, the small business must provide child care employee
- 27 benefits to employees of the business through any of the
- 28 following:
- 29 a. Build a new structure or rehabilitate an existing
- 30 structure to be used as a child care center at or near the small
- 31 business where the children of the employees of the business
- 32 are provided child care. A small business may construct or
- 33 rehabilitate the structure in conjunction with another business
- 34 but only the actual cost of the business shall be considered in
- 35 determining the credit.

- 1 b. Operate or lease a child care center at or near the small
- 2 business where the children of the employees of the business
- 3 are provided child care.
- 4 5. Any credit in excess of the tax liability is not
- 5 refundable but the excess for the tax year may be credited
- 6 to the tax liability for the following five years or until
- 7 depleted, whichever is earlier. The director of revenue shall
- 8 adopt rules to implement this section.
- 9 Sec. 6. <u>NEW SECTION</u>. **422.120 Small business child care tax** 10 credit.
- 11 1. The taxes imposed under this subchapter, less the credits
- 12 allowed under section 422.12, shall be reduced by a small
- 13 business child care tax credit received pursuant to section
- 14 237A.31.
- 15 2. An individual may claim the tax credit allowed a
- 16 partnership, S corporation, limited liability company, estate,
- 17 or trust electing to have the income taxed directly to the
- 18 individual. The amount claimed by the individual shall be
- 19 based upon the pro rata share of the individual's earnings of a
- 20 partnership, S corporation, limited liability company, estate,
- 21 or trust.
- Sec. 7. Section 422.33, Code 2022, is amended by adding the
- 23 following new subsection:
- 24 NEW SUBSECTION. 32. The taxes imposed under this subchapter
- 25 shall be reduced by a small business child care tax credit
- 26 received pursuant to section 237A.31.
- Sec. 8. Section 422.60, Code 2022, is amended by adding the
- 28 following new subsection:
- 29 NEW SUBSECTION. 15. The taxes imposed under this subchapter
- 30 shall be reduced by a small business child care tax credit
- 31 received pursuant to section 237A.31.
- 32 Sec. 9. NEW SECTION. 432.120 Small business child care tax
- 33 credit.
- 34 The taxes imposed under this chapter shall be reduced by
- 35 a small business child care tax credit received pursuant to

- 1 section 237A.31.
- 2 Sec. 10. Section 533.329, subsection 2, Code 2022, is
- 3 amended by adding the following new paragraph:
- 4 NEW PARAGRAPH. m. The moneys and credits tax imposed under
- 5 this section shall be reduced by a small business child care
- 6 tax credit received pursuant to section 237A.31.
- 7 Sec. 11. APPLICABILITY. This division of this Act applies
- 8 to tax years beginning on or after January 1, 2023.
- 9 DIVISION IV
- 10 STATE CHILD CARE ASSISTANCE
- 11 Sec. 12. Section 237A.13, subsection 7, paragraph c, Code
- 12 2022, is amended to read as follows:
- 13 c. Families with an income of more than one hundred
- 14 percent but not more than one two hundred forty-five percent
- 15 of the federal poverty level whose members, for at least
- 16 twenty-eight hours per week in the aggregate, are employed
- 17 or are participating at a satisfactory level in an approved
- 18 training program or educational program.
- 19 Sec. 13. DIRECTIVE TO DEPARTMENT OF HUMAN SERVICES CHILD
- 20 CARE ASSISTANCE.
- 21 1. The department of human services shall amend its
- 22 administrative rules pursuant to chapter 17A to do all of the
- 23 following:
- 24 a. Provide income eligibility for state child care
- 25 assistance, according to family size for children needing basic
- 26 care, to families whose nonexempt gross monthly income does not
- 27 exceed two hundred percent of the federal poverty level.
- 28 b. Adjust the state child care assistance copayment
- 29 schedule in incrementally increased amounts for families whose
- 30 nonexempt gross monthly income does not exceed two hundred
- 31 percent of the federal poverty level.
- 32 2. The rules adopted pursuant to this section shall take
- 33 effect January 1, 2023.
- 34 DIVISION V
- 35 ECONOMIC DEVELOPMENT LEGISLATIVE FINDINGS

1 Sec. 14. Section 96.2, Code 2022, is amended to read as 2 follows: 3 96.2 Guide for interpretation. 1. As a guide to the interpretation and application of 5 this chapter, the public policy of this state is declared to 6 be as follows: Economic insecurity due to unemployment is 7 a serious menace to the health, morals, and welfare of the 8 people of this state. Involuntary unemployment is therefore 9 a subject of general interest and concern which requires 10 appropriate action by the legislature to prevent its spread 11 and to lighten its burden which now so often falls with 12 crushing force upon the unemployed worker and the worker's 13 family. The achievement of social security requires protection 14 against this greatest hazard of our economic life. This can 15 be provided by encouraging employers to provide more stable 16 employment and by the systematic accumulation of funds during 17 periods of employment to provide benefits for periods of 18 unemployment, thus maintaining purchasing power and limiting 19 the serious social consequences of poor relief assistance. 20 The legislature, therefore, declares that in its considered 21 judgment the public good and the general welfare of the 22 citizens of this state require the enactment of this measure, 23 under the police powers of the state, for the compulsory 24 setting aside of unemployment reserves to be used for the 25 benefit of persons unemployed through no fault of their own. 26 2. It is the finding of the legislature that true economic 27 development can only be achieved when workers are given the 28 respect they deserve. Economic development must include all 29 residents of this state, including men and women, people of all 30 gender identities, minorities, and immigrants. The legislature 31 further finds that economic development should include but not 32 be limited to residents of this state being paid a living wage, 33 this state being a welcoming place for immigrants, child care

34 and housing being readily affordable and available, and public

35 workers having collective bargaining rights.>

- 2. Title page, by striking line 1 and inserting <An Act</p>
- 2 relating to economic development including child care, grants
- 3 and tax credits relating to child care, state child care
- 4 assistance, legislative findings, and including applicability
- 5 provisions.>>

HUNTER of Polk